

# THE INCLUSION OF YOUNG NEETS IN THE LABOR MARKET CORRESPONDING TO NEW ASPECTS OF LABOR

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**Abstract:** *The paper proposes the theme of integrating young NEETs into the labor market, conducting a qualitative and quantitative analysis of the main factors involved in the process, namely education, work and life skills and technology. The paper also aims to identify the main difficulties encountered by NEET youth in the labor market in Romania and the Member States of the European Union and to facilitate their access and integration into the labor market. In the context of the pandemic, the paper highlights some aspects of the labor market and the skills that young people need to acquire in order to overcome the critical moment of crisis. Finally, possible solutions will be identified to overcome the crisis created, to manage youth unemployment among NEETs, in line with the atypical aspects of the labor market.*

**Keywords:** *NEET youth, labor market, unemployment, employment, labor market policies*

**JEL classification:** E24, J64, J21

## Introduction

NEETs are a vulnerable group in the labor market, have no work experience and integration into the labor market can be a more difficult process. Analyzing the main factors involved in the integration of young people into the labor market, the paper can highlight aspects of the labor market and the necessary skills that young people must acquire. Young people with a lower level of education can benefit from information on some educational opportunities to which they can be directed, and young people with a higher level of education can be directed to vocational training centers and programs. Thus, young NEETs can have access to a job more easily and quickly, overcoming the difficult moments, amplified by the pandemic with the Covid-19 virus.

## Conceptual and contextual framework of research

The active population on the labor market is made up of people between the ages of 15 and 64. Young people represent an irreplaceable labor force on the labor market, they are agile and with multiple kind of skills, but at the same time they are even more at risk of not integrating in to the labor market than the other categories of active labor force.

NEET is an acronym for 'not employed, in education or training', used to refer to the situation of many young people between the ages of 15 and 29 in Europe. The aim of the NEET concept is to broaden the understanding of the vulnerable status of young people and to better monitor their problematic access to the labor market. " (Eurofound, 2021) Young NEETs may face difficulties in the labor market, especially if they do not have an educational background. Education can be one

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of the first steps towards getting the first job, where young people can apply for first time, the theoretical knowledge learned in education years.

“Unemployment conventionally means only those people who do not study, want to work and actively look for a job, but cannot find one. These are the so-called active unemployed (ILO definition). ” (Artner, 2014, p. 121). Youth unemployment is a common problem in the Member States of the European Union.

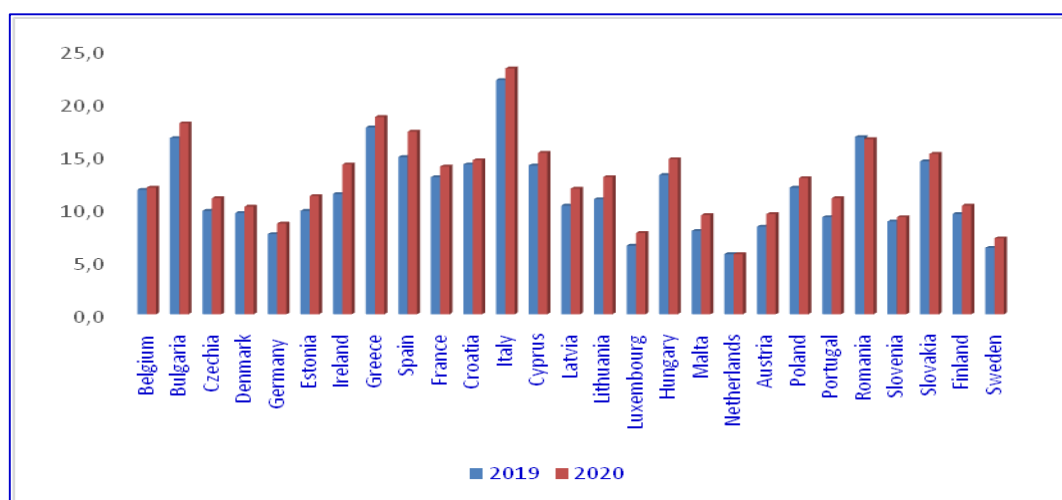
"Low unemployment reduces pressure on the government and taxpayers to support a large population of unemployed people. With more people working, the government has less of a burden to put money into welfare programs. Also, more people working allow the government to bring in more tax revenue. Higher incomes and lower benefit payments create a more financially responsible operation." (Christofides, 2018, p. 19)

The labor force, for some reason, cannot integrate into the labor market, and these discrepancies can be resolved through measures implemented in the states. There is also the possibility that the labor force will not keep up with the changes taking place in the labor market, technological transformations, digitalization. The European Union will always seek to improve the rights, working conditions of workers in Europe, from working hours, to health and safety at work.

The period of 2020 was decisive for some companies, resisting the difficulties of those who had the opportunity to move their business online. Online, people have been able to establish a different kind of working relationship, based on understanding and trust. Employers were able to communicate with their employees with the help of audio and video platforms, thus maintaining the level of productivity and motivation of workers. Also, under the required conditions, employees must be responsible and follow the measures to prevent infection with Covid-19.

## Qualitative and quantitative analysis of the main factors involved in the inclusion of young NEETs in the labor market in Romania and in the EU Member States

Young people who do not have experience can have high expectations from the first job, and then the risk of being disappointed and not integrating into an organization increases. The main factors involved in the inclusion of young NEETs in the labor market are the level of education completed, the development of technology, vocational training, the skills needed in the workplace. The following figure (Figure 1) provides information on the situation of young NEETs in 2019 and 2020 in EU Member States.



**Figure 1: Rate of young people not integrated in work, training or education (15-29 years)**

Source: Eurostat,

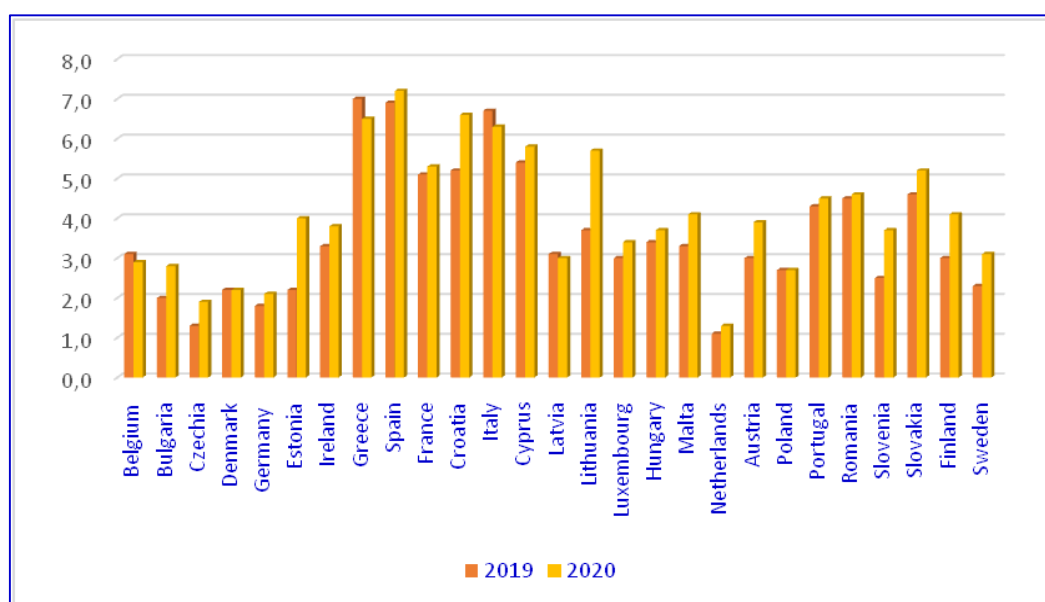
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In 2020, due to the pandemic created by Covid-19, most companies encountered various problems, of a financial nature, affecting both employees and employers.

In the EU countries, the figure shows how the situation of young NEETs has evolved from one year to the next, thus increasing this rate, while reducing the chances of a possible improvement in unfavorable labor market conditions. In Romania, the percentage of the NEET youth rate did not vary much, it increased from 14.7% to 14.8% in 2020. But in some countries, for example Germany, Estonia, Ireland, Spain, Italy, Lithuania, the NEET rate increased by 1-2 pp.

The Finnish school system is extremely good at providing students with a full high school education, however the rate of NEET youth in Finland is also increasing. This change may be caused by the pandemic period in which a different lifestyle, distance learning, distance work, social distancing was imposed. Most of the countries in the European Union have been affected by these measures, and young people have probably suffered the most.

For example, in a study conducted in Spain in 2015, focusing on youth unemployment, employment and their transition to the labor market, researchers highlighted the importance of education and policies to combat unemployment, the issue of youth employment. Employers also have a major role to play in integrating young people into the labor market. "The most important general policy innovations targeting young people have been educational reforms and activation policies. Other important innovations, such as changes in employment contracts and wage formation through collective bargaining, which do not specifically target young people, have also had an impact on the labor market for young people. " (González-Menéndez et al., 2015, p. 3) Figure 2 is the rate of NEET youth who are unemployed.



**Figure 2: Rate of unemployed young people in work, training or education (15-29 years old)**

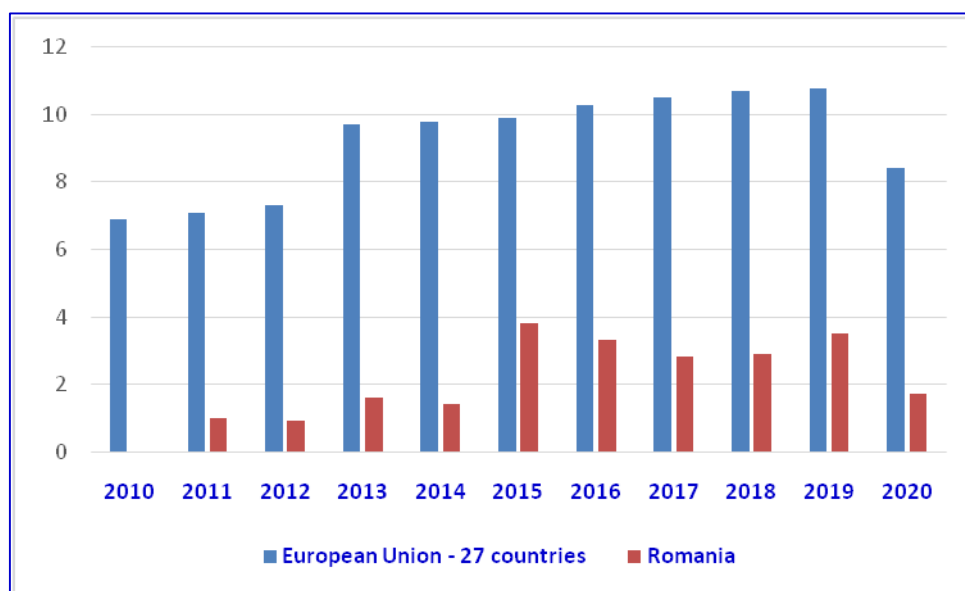
Source: Eurostat,

[https://ec.europa.eu/eurostat/databrowser/view/EDAT\\_LFSE\\_20\\_\\_custom\\_1367983/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/EDAT_LFSE_20__custom_1367983/default/table?lang=en) , Access date 27/09/2021

The NEET category, aged between 15 and 29, can feel the difficulties created by the pandemic at a higher level, with employment and unemployment being the main problems. In terms of unemployment, young people may face unpleasant situations in the employment process and will become insecure in pursuing a career, looking for a job. The main reasons that influence young people's motivation for work may be lack of information, lack of employment opportunities, skills needed in the labor market. Young people can be guided in choosing a career, they can receive advice from specialists in order to achieve a better life and a lifestyle that motivates them and gives them confidence. They can participate in various activities, seminars, conferences and training

programs where they can deepen the fields studied in schools. "The process of integrating young people into the labor market, if not accompanied by employment opportunities, even temporary, but professionally significant and, if not relatively fast, risks increasing job insecurity to which this group is already subject vulnerable." (Domenico Paparella et al., 2008, p. 160)

The flexible path of professional placement is acceptable for more educated young people, because they know that they will still be able to obtain good working conditions in the not-too-distant future. Figure 3 is a representation of the participation rate of young people in non-formal education and training.



**Figure 3: Participation rate of young people aged 15-29 in non-formal education and training**

Source: Eurostat,

[https://ec.europa.eu/eurostat/databrowser/view/YTH\\_EDUC\\_060\\_\\_custom\\_1365057/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/YTH_EDUC_060__custom_1365057/default/table?lang=en), Access date 20/09/2021

In Romania, the participation rate of young people, aged between 15 and 29, in the types of non-formal education and training varies greatly, and during the pandemic with the Covid-19 virus decreased, compared to 2019. In 2020, the participation rate was 1.7%, and in 2019 it was 3.5%. The level of education completed is an important factor in the employment decision, having well-trained workers, the chances of achieving the objectives at the organizational level increase. It is important that young people receive a foundation of theory, knowledge and skills in order to perform in their chosen career. The economy needs the employment of young people, because they represent the future and can cope with the changes that are taking place in the labor market.

Changes are taking place in the labor market, new industries are emerging, new trades are emerging. These changes may have implications for the workforce. New skills, abilities, an improved and developed education system will be needed to help young people in their transition to the labor market. The skills that young people should acquire are the ability to analyze, critical thinking, the ability to communicate in at least one foreign language, creativity, the ability to learn, the ability to work with technology. Education and training programs can be a solution for employees to keep up with changes in the labor market and to continuously improve their skills, to have qualified people in the workplace.

An example of measures for young NEETs is the financial benefits provided by the National Agency for Employment, through the implemented program "ACTIMOB NEETs - Activation and mobility of young NEETs", co-financed by the European Social Fund. The budget was proposed for EUR 40,866,506.91 The benefits were proposed for young people aged between 16 and 25 who meet the conditions for the NEET category.

The grants awarded are as follows:

- insertion premium in the amount of 1500 RON (Romanian national currency) offered to young people over 16 years of age with a completed level of education who obtain a job for more than 12 months,
- activation premium of 1000 RON for those who obtain a job for more than 3 months,
- employment bonus is offered to "persons registered as unemployed with the employment agencies and who are employed in a locality located more than 15 km from the locality where they have their domicile or residence, may benefit of a non-taxable employment premium. The amount of the premium is calculated at 0.5 RON / km, but not more than 55 RON / day, in proportion to the number of days in which the persons in question actually carry out the activity at the employer where the employment is performed. The employment premium is granted for a period of 12 months" (Romanian Youth Forum, 2020)
- installation allowance also for "persons registered as unemployed with employment agencies in another locality more than 50 km away from the place where they have their domicile or residence and, as a result, they change their domicile or establish their residence in the respective locality or in the neighboring localities, they may benefit from an installation premium, calculated in a differentiated amount" (Romanian Youth Forum, 2020)

The project had significant achievements in the period 2017-2019, "through the project, in the period 16 May 2017 - 15 May 2019, 1134 activation / employment / installation bonuses were granted to unemployed young NEETs who were employed and 7,471 subsidies for employers who have employed young unemployed NEETs". (ANOFM, 2019)

The Covid-19 pandemic has exacerbated the already existing difficulties in the labor market in education, created unfavorable conditions for workers, for most young people, especially for young people in the NEET category. The year 2020 probably included many important decisions.

In September 2021, the government approved the introduction of measures to support people with a guaranteed minimum income, but also for young people.

The approved government ordinance aims at amending and supplementing Law no. 416/2001:

- "Maintenance of social assistance for another 6 months from the time of employment, if the beneficiary is employed for a period of at least 24 months." (Government of Romania, 2021)
- The possibility for the beneficiaries of social assistance to take "Second Chance" type courses, at the recommendation of the county employment agency. The refusal to participate will lead to the termination of social assistance and the prohibition of applying for a new right for a period of 12 months, as in the case of refusal of employment. " (Government of Romania, 2021)
- "Introducing the obligation to present eligible social assistance workers to employment agencies, for the application of employment incentives, every 6 months or whenever required. Failure to report to the Employment Agency will amount to a refusal of employment and will result in termination of social assistance and the possibility of a new application after a period of 12 months. " (Government of Romania, 2021)
- "Settlement of transport for able-bodied persons from families receiving social assistance who follow the courses of the" Second Chance "program, at a distance of more than 5 km from the home. It is proposed to reimburse, to the local public administration authorities, the amount of 500 RON / person / school semester, from the budget of the Ministry of Labor and Social Protection, through the National Agency for Payments and Social Inspection and the territorial agencies." (Government of Romania, 2021)

The approved government ordinance aims at amending and supplementing Law no. 76/2002:

- "The age group for measures for young NEETs has been extended from 16-25 years old to the current 16-30 years." (Government of Romania, 2021)



## Conclusions

In most European Union countries, the percentage of young NEETs increased in 2020 compared to 2019. And their participation in non-formal training programs in Romania is lower than the EU average, which determines in the case of young people reduced opportunities, opportunities for development and development, and the chances of employment will thus decrease for this category. The pandemic period imposed a global crisis, requiring decisions and measures by employers and employees to maintain a work-life balance. NEET young people have experienced difficulties, being changes in the learning system, on the labor market, regarding the place and the way of work. They are a vulnerable category, but one that adapts to change.

The process of transitioning young people into the labor market in the post-pandemic context could be hampered by the negative effects of the crisis. During this period, the states of anxiety, stress, distrust are amplified, and the young people who will want to get a job will have states of insecurity and uncertainty in this regard. The integration of NEET young people into the labor market can be facilitated. Companies can positively influence the experience of future employees, with training and professional development programs that prepare young people to integrate quickly and easily into the workplace.

Education and training are important and can give young people the foundation from which to start a career. On-the-job training helps people to integrate faster in the new conditions, to accumulate the necessary information. They can also be supported in choosing a career, training programs and guided by the responsible authorities.

Creating jobs for young people could increase productivity in organizations, while providing support for unemployed young people. Hiring them from school can motivate them, trusting that they will achieve their ideals as soon as possible. Young people need experience and this can be accumulated over time at work. Overcoming the crisis period will be facilitated by stimulating employment, by supporting young NEETs by the competent and responsible authorities.

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